Assessing Uganda's Trade with the European Union: Trade Intensity, Export Structure, and Comparative Advantages

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Abstract: The European Union is Uganda's second-largest export market and an important destination for an LDC economy that remains weakly integrated into global trade and heavily dependent on agricultural exports. This paper assesses the evolution of Uganda–EU trade relations in 2013–2024 by examining trade intensity, the bilateral revealed comparative advantage of Ugandan exports to the EU, the structure of traded goods, and selected trade obstacles. The analysis is based on quantitative foreign-trade data processed through the Trade Intensity Index (TII) and the Bilateral Revealed Comparative Advantage Index (BRCA), complemented by qualitative evidence on trade barriers. The results show that although Uganda–EU trade has grown, especially since 2020, bilateral trade intensity remains weak. Uganda's export structure is still dominated by low-value-added agricultural commodities, and the main comparative advantages are concentrated in primary products. The findings suggest that preferential access under the Everything but Arms scheme has not, by itself, led to structural export upgrading, which underscores the importance of domestic value addition, trade facilitation, and preparedness for EUDR-related compliance.

Keywords: Uganda–EU trade, trade intensity, bilateral revealed comparative advantage, Everything but Arms, EUDR

JEL Classification codes: F13, F14, O24

INTRODUCTION

Despite comprising 13 % of the world's population, least developed countries (LDCs) contribute only 1.3% to global GDP (United Nations, n.d.). Recent data indicates that LDCs hold a structurally weak position in international trade, accounting for only 1.1% of world trade in 2024. This figure is similar to the 1% reported by UNCTAD in 2010, suggesting little progress over the years. Although preferential market access can help stimulate new export flows, these effects tend to reinforce existing export patterns rather than promote broad-based diversification. Klasen et al. (2020) note that the effectiveness of utilizing these preferences remains uncertain. Furthermore, high trade costs and transportation-related challenges continue to hinder LDCs from expanding into new products and markets. Uganda's economy, similar to other low-income African countries, remains heavily reliant on agriculture, which serves as a major source of export earnings (Erem et al., 2023). Coffee, tea, cotton, and tobacco dominate the country's merchandise exports, accounting for 90% of all exports. However, industrial development has progressed more slowly than the ambitious policies would suggest.

Despite this, Uganda has implemented several trade liberalization measures, privatized state enterprises, deregulated the foreign exchange market, and deepened its participation in regional integration through organizations such as the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA), and, more recently, the African Continental Free Trade Area (AfCFTA) (Mwebaze & Buyinza, 2022). Research by Rauschendorfer and Stojanov (2022) indicates that preferential market access for Uganda does not necessarily lead to a diversified or higher value-added export structure.

This issue is particularly important for Uganda, which has a trade relationship with the European Union marked by generous market access but ongoing export concentration. The EU has long aimed to enhance trade relations with East African nations through the Economic Partnership Agreement (EPA). While Kenya and Rwanda signed the EPA in 2016, Uganda has yet to do so.

As a Least Developed Country (LDC), Uganda is eligible for the Everything But Arms (EBA) arrangement, which allows for duty-free and quota-free access to the EU market for all products, except arms (European Commission, 2025b; GSP Hub, 2025). However, most of Uganda's exports to the EU are still low in value added, which limits income generation and increases vulnerability to fluctuations in commodity prices.

Recent research has examined Uganda's preferential market access and trade intensity, particularly up to 2022 (Ecel et al., 2025). However, there has been less focus on the most recent period, which is characterized by post-pandemic trade recovery and stronger export growth to the EU in 2023–2024. Additionally, there are emerging compliance pressures related to the EU Deforestation Regulation (EUDR). This regulation could significantly affect access to the EU market for developing countries and Least Developed Countries (LDCs), including Uganda, particularly concerning the export of 'forest-risk' commodities such as cattle, wood, cocoa, soy, palm oil, coffee, rubber, and some of their derived products. While the regulation aims to reduce the European contribution to global deforestation, its requirements, such as traceability, geolocation, and due diligence, may create a significant administrative burden for exporters in these countries. Furthermore, the regulation could not only shift trade flows but also increase the risk of excluding certain producers from the EU market (Van Noordwijk et al., 2025). Forest-risk commodities mentioned above, account for the main part of Uganda’s exports to the European market.

This paper updates the empirical data for the period from 2013 to 2024. It combines an analysis of trade intensity, bilateral comparative advantage, commodity structure, and trade obstacles to determine whether the increasing trade values are accompanied by structural improvements in Uganda's exports to the EU.

1 LITERATURE REVIEW

The literature on Uganda's trade performance indicates that the country has a structurally weak integration into global markets. Rauschendorfer and Stojanov (2022) highlight limited trade openness, short-lived export relationships, and the significance of imports for future export participation. In addition, Esaku and Wang (2021) demonstrate that trade openness, technology imports, and intermediate imports are crucial for economic growth. Similarly, Erem et al. (2023) and Mwebaze and Buyinza (2022) emphasize that for Uganda to enhance its productive capacity, export growth must be linked to increased value addition and foreign-exchange generation.

Another area of research examines preferential access to external markets. Ecel et al. (2025) find that Uganda fails to fully leverage the benefits of preferential access. Meanwhile, Ticku et al. (2025) reveal that while rules of origin present challenges, many Ugandan exporters are

already capable of meeting the relevant value-added thresholds. Collectively, these studies suggest that while market access preferences are important, domestic constraints continue to influence export outcomes.

The present paper relies on two established analytical tools. The Trade Intensity Index (TII) assesses whether bilateral trade is stronger or weaker than would be expected from a partner's weight in world trade (World Bank, 2010). The Revealed Comparative Advantage framework introduced by Balassa (1965) identifies sectors in which a country is relatively specialized in export performance. At the same time, the literature notes that RCA-type measures should be interpreted cautiously, as they are more reliable for identifying patterns of relative specialization than for measuring competitiveness in a strict cardinal sense (Fertő & Hubbard, 2003; Sanidas & Shin, 2010).

A third area of focus examines the trade barriers affecting Uganda-EU trade relations. Transportation and border costs within the East African Community (EAC) remain high (Hersi et al., 2025), while challenges related to logistics, compliance with EU standards, certification capacity, and border procedures hinder African exporters, particularly in the perishable agri-food sector (Kareem et al., 2023). Recently, Zubaľová and Drieniková (2025) highlighted potential challenges that the EU Deforestation Regulation (EUDR) may pose for small farmers, particularly concerning traceability and certification requirements.

Although these studies offer valuable insights, the existing literature lacks an updated bilateral assessment of Uganda–EU trade that incorporates recent trade data up to 2024. There is also a need for a discussion of post-COVID trade shifts, the specialization of bilateral exports in the EU market, and the policy implications of EUDR-related compliance. This is the gap that the present paper aims to address.

2 METHODOLOGY

To assess trade relations between Uganda and the European Union, we analyzed quantitative data on foreign trade, including commodity structure, territorial structure, and trade balance, sourced from the International Trade Centre's Trade Map database at the four-digit HS level. The analysis covers the period from 2013 to 2024, providing a consistent twelve-year timeframe that captures pre-pandemic trends, the impact of the COVID-19 crisis, and the subsequent trade recovery post-2020.

To determine whether bilateral trade between Uganda and the EU is stronger or weaker than expected based on their positions in global trade, we utilized the Trade Intensity Index (TII), following the methodology outlined by the World Bank (2010).

$$Tij = (X_{ij}/X_{it})/(X_{wj}/X_{wt}) \quad (1)$$

In formula (1):

X_{ij} = exports from country A to partner B (exports from Uganda to the EU or vice versa);

X_{it}= total exports of country A (Uganda/EU);

X_{wj} = value of world exports to partner B;

X_{wt} = total world exports in a given year.

Because consistent export-to-partner data was not available for all observations, X_{wj} was proxied by the total imports of partner B.

A TII value above 1 indicates stronger than expected trade intensity, whereas a value below 1 indicates weaker than expected bilateral trade links.

We supplemented the TII results with an assessment of the specialization of Ugandan exports to the EU market using the Bilateral Revealed Comparative Advantage (BRCA) index, which captures the relative strength of Ugandan exports specifically in relation to EU import demand. That's why this index is more appropriate for this study than the standard global Balassa index. BRCA captures only years 2022-2024 for the ten products with the highest BRCA levels in 2024, thus highlighting the most recent competitive structure within the space constraints of this conference paper. Examining BRCA values over a latest three-year period helps to determine whether the observed results indicate a stable competitive position or merely temporary market fluctuations.

The calculation is based on the original concept of revealed comparative advantage proposed by Balassa (1965) and its bilateral specification later developed by Maryam and Mittal (2019) and Mustafa and Sharma (2023).

$$BRCA = (X^{k}_{ab}/X_{ab})/(X^{k}_{wb}/X_{wb}) \quad (2)$$

Where (in formula 2):

X^{k}_{ab} = exports of commodity k from Uganda to the EU;

X_{ab} = total exports from Uganda to the EU;

X^{k}_{wb} = world exports of commodity k to the EU;

X_{wb} = total world exports to the EU.

A BRCA value greater than 1 indicates a comparative advantage in exporting the given goods to the EU market. A value less than 1 indicates a comparative disadvantage.

As in the broader literature on RCA, this index is used more as an indicator of relative export specialization than as a comprehensive indicator of competitiveness.

In addition to quantitative trade data, we used qualitative data from policy and institutional sources to analyze the trade barriers affecting trade between Uganda and the EU, notably the World Bank's Logistics Performance Index, the 2021 update of Uganda's DTIS study, the International Trade Report, the European Council, and sector-specific discussions on the implementation of the EUDR. These sources were deliberately selected due to their direct relevance to trade facilitation, standards, and market access conditions. As some indicators related to trade barriers are not available for the full 2013-2024 period, this part of the analysis is primarily contextual rather than based on a consistent dataset over time.

3 RESULTS AND DISCUSSION

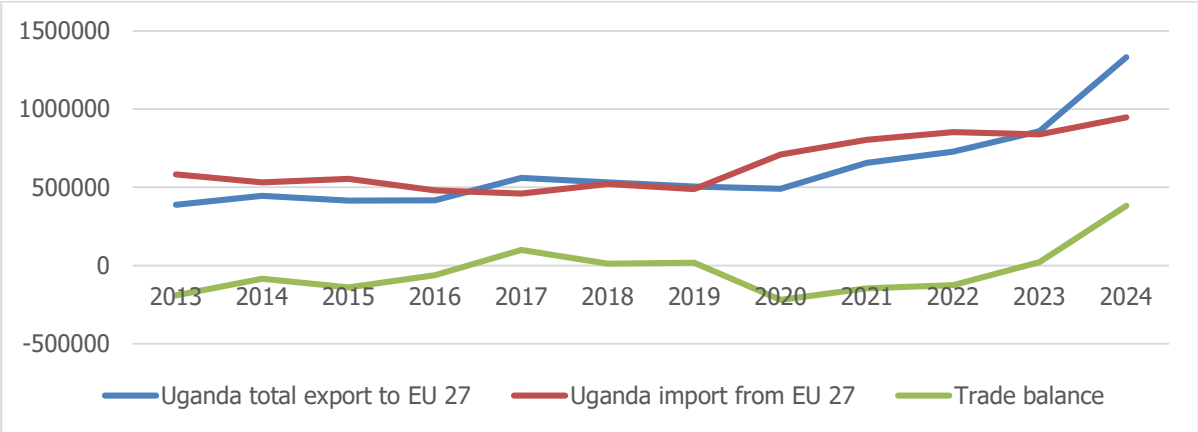
Uganda is not among the highly trade-open economies. In 2024, foreign trade accounted for 40% of GDP. Total trade reached almost 21.9 billion USD (ITC, 2025), while GDP reached 53.9 billion USD (World Bank, 2025). Nevertheless, both Uganda's overall foreign trade and its trade with the EU have shown a rising trend.

3.1 Uganda – EU trade evolution

In 2024, the European Union was Uganda's third most significant trade partner, accounting for 10.5% of the country's foreign trade (European Commission, 2025a). Although Uganda benefits from the Everything But Arms (EBA) initiative, most of its exports to the EU enter

duty-free, even outside of this preferential framework. Less than 20% of these exports benefit from the EBA; however, approximately 98% of all exports are duty-free overall. The preference utilization rate (PUR) reached 92% in 2023 (GSP Hub, 2025).

Fig. 1 Uganda trade in goods with the EU (2013-2024, USD thousand)



Source: own processing based on ITC, 2025

Figure 1 illustrates that Uganda's imports from the EU have significantly increased since 2019, reaching 948.5 million USD in 2024. Similarly, exports to the EU saw a notable acceleration starting in 2020, culminating in a total of 1,331.4 million USD in 2024, which is the highest figure observed during the reviewed period. The stagnation around 2020 can be attributed to the wider impacts of the COVID-19 pandemic, but the subsequent years demonstrate a relatively swift recovery in bilateral trade between Uganda and the EU. Kittová et al. (2024) emphasize that the pandemic led to a substantial decline in international trade in 2020, adversely affecting EU trade. The increase in Uganda's imports to the EU in 2020 may be attributed to rising prices of raw materials, food commodities, and transportation costs. Since 2023, Uganda has experienced a trade surplus with the EU, as its exports have surpassed imports (see Fig. 1).

Tab. 1 Share of Uganda's import and export to the EU in total Uganda trade, Uganda PUR (2013 – 2024, in %)

Year	Share of Uganda's Exports to the EU-27 in Total Uganda Exports	Share of Uganda's Imports from the EU-27 in Total Uganda Imports	Uganda export PUR in %
2013	16.1	10.0	2.2
2014	19.7	8.7	23.6
2015	18.3	10.0	97.8
2016	16.7	9.9	93.6
2017	19.3	8.2	98.4
2018	17.2	7.7	98.1
2019	14.2	6.3	97.9
2020	11.8	8.6	99.0
2021	16.6	8.8	96.8
2022	20.3	8.7	96.4

Year	Share of Uganda's Exports to the EU-27 in Total Uganda Exports	Share of Uganda's Imports from the EU-27 in Total Uganda Imports	Uganda export PUR in %
2023	13.6	7.1	92.0
2024	16.6	6.9	n.a.

Source: own calculation based on ITC, 2025, and GSP HUB, 2025

Table 1 shows that the European Union (EU) accounted for about 16% to 20 % of Uganda's total exports in most years. This share fell to 13.6 % in 2023 but rose to 16.6% in 2024, confirming the EU as Uganda's second most important export destination. In contrast, the EU's share of Uganda's imports is much lower, dropping to 6.9 % in 2024, indicating a reliance on non-EU suppliers.

Uganda's Preference Utilization Rate (PUR) for exports has remained above 90 % since 2015, though it has slightly declined since 2021. The two largest product groups exported under the Everything But Arms (EBA) preferences are plants (mainly flowers) and fish, which together make up 77% of Uganda's preferential exports to the EU (GSP Hub, 2025).

Tab. 2 Territorial structure of Uganda's export and import (2013 – 2024, in USD thousand/in %)

Export market	Exported value in 2024 (in USD thousand)	Share on Uganda's exports to the world (%)	Import market	Imported value in 2024 (in USD thousand)	Share on total import from the World (%)
World	8 039 344	100.0	World	13 832 925	100.0
United Arab Emirates	2 609 435	32.5	China	2 716 537	19.6
Kenya	589 628	7.3	Tanzania	1 685 453	12.2
Hong Kong, China	519 402	6.5	United Arab Emirates	1 292 307	9.3
South Sudan	490 070	6.1	India	1 273 578	9.2
Italy	481 825	6.0	Kenya	824 007	6.0
Congo, Democratic Republic of the	478 332	5.9	South Africa	566 713	4.1
India	459 369	5.7	Japan	461 118	3.3
Germany	293 752	3.7	Burkina Faso	432 608	3.1
Rwanda	269 282	3.3	Mali	361 014	2.6
Netherlands	179 896	2.2	Mozambique	355 560	2.6
Others	1 668 353	20.8	Others	3 864 030	27.9

Source: own processing based on ITC, 2025

In 2024, the United Arab Emirates was Uganda's largest export market at 32.5 %, followed by Kenya (7.3 %) and Hong Kong, China (6.5 %). Within the EU, Italy was the fifth-largest export

destination at 6.0 %, followed by Germany (3.7 %) and the Netherlands (2.2 %). For imports, China topped Uganda's suppliers at 19.6 %, followed by Tanzania (12.2 %) and the UAE (9.3 %). Notably, no single EU country was among the top ten import sources, indicating a fragmented presence.

Within the EU, Italy accounted for 36.2 % of Uganda's exports, while the Netherlands, Germany, and Belgium were the leading EU import suppliers at 28.9%, 14.6%, and 13.3%, respectively.

Tab. 3 Territorial structure of Uganda's export and import to the EU (2013-2024, in USD thousand/in %)

Export Market	Exported value in 2024 (in USD thousand)	Share on total exports to the EU (%)	Import Market	Imported value in 2024 (in USD thousand)	Share on total imports from the EU (%)
European Union (EU-27)	1 331 410	100.0	European Union (EU-27)	948 474	100.0
Italy	481 825	36.2	Netherlands	274 099	28.9
Germany	293 752	22.1	Germany	138 697	14.6
Netherlands	179 896	13.5	Belgium	126 020	13.3
Belgium	114 651	8.6	Italy	113 306	11.9
Spain	85 353	6.4	Ireland	72 607	7.7
Portugal	41 371	3.1	France	62 233	6.6
Slovenia	25 822	1.9	Sweden	27 914	2.9
Greece	23 406	1.8	Spain	24 011	2.5
France	18 089	1.4	Poland	21 191	2.2
Poland	13 940	1.0	Czech Republic	12 586	1.3
Others	53 305	4.0	Others	75 810	8.0

Source: own processing based on ITC, 2025

Tab. 4 Commodity structure of Uganda's export to the EU (2013 – 2024, in mil. USD)

HS code	Product label	Uganda's exports to the European Union (EU-27)											
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
'TOTAL	All products	388.58	445.20	413.77	415.67	559.66	530.97	505.36	489.76	656.65	726.87	859.01	1331.41
'0901	Coffee	162.58	238.76	250.35	233.16	340.24	282.27	262.66	298.52	418.49	494.77	576.24	978.57
'1801	Cocoa beans	24.47	35.36	33.93	36.86	12.75	19.7	18.25	20.73	35.61	19.26	44.15	99.86
'0304	Fish fillets and other fish meat	73.60	67.03	47.49	50.44	63.77	62.27	66.36	53.71	46.10	56.86	53.23	58.48
'0602	Live plants incl. their roots	49.28	50.88	44.16	45.86	52.37	50.98	42.10	46.04	57.71	49.82	55.27	53.41
'2710	Petroleum oils and oils	0.003	0	0	0	28.53	46.53	51.10	21.41	29.42	22.90	30.88	27.93

HS code	Product label	Uganda's exports to the European Union (EU-27)											
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	obtained from bituminous minerals (excl. crude);												
'1207	Other oil seeds and oleaginous fruits	3.98	7.61	11.20	4.80	3.31	6.59	11.22	10.96	11.54	15.92	20.82	27.38
'2401	Unmanufactured tobacco; tobacco refuse	22.41	5.62	0	0.16	0.40	0.80	8.87	2.86	9.66	4.64	8.92	19.1
'8807	Parts of aircraft and spacecraft	0	0	0	0	0	0	0	0	0	2.12	14.89	11.50
'0603	Cut flowers and flower buds	0	3	0.11	0.085	0	3.6	3.94	3.61	4.37	3.65	3.64	7.18
'1515	Fixed vegetable or microbial fats and oils	0	0	0.09	0.12	9	0.01	0.16	0.22	0.42	0.75	1.92	6.89
'0905	Vanilla	1.61	0.36	0.95	1.27	1.72	3.29	1.33	1.31	3.57	6.3	7.38	5.64

Source: own processing based on ITC, 2025

In 2024, coffee was the main component of Uganda's exports to the EU, accounting for approximately 73 % of the total, which amounted to 978.6 million USD, the highest value recorded during the review period. Cocoa beans came in second, representing 8% of exports and reaching 99.9 million USD, while fish meat ranked third at 4%, although it has shown a long-term declining trend. Except for aircraft and spacecraft parts, the leading export items are primarily unprocessed or minimally processed products. Therefore, the surge in exports in 2024 reflects stronger sales of existing primary commodities rather than a clear shift towards broad-based export diversification or higher value-added manufacturing.

Tab. 5 Commodity structure of Uganda's imports from the EU (2013-2024, in mil. USD)

HS code	Product label	Uganda's imports from the European Union (EU-27)											
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
'TOTAL	All products	581.23	530.70	554.30	479.02	459.96	520.24	488.03	709.53	803.01	852.92	837.08	948.47
'2710	Petroleum oils	41.56	23.64	30.62	1.19	9.16	23.36	5.28	153.11	182.67	106.61	80.61	242.84
'2309	Preparations of a kind used	0.55	0.66	1.24	2.56	3.39	12.2	19.91	31.65	71.05	63.22	61.00	81.96

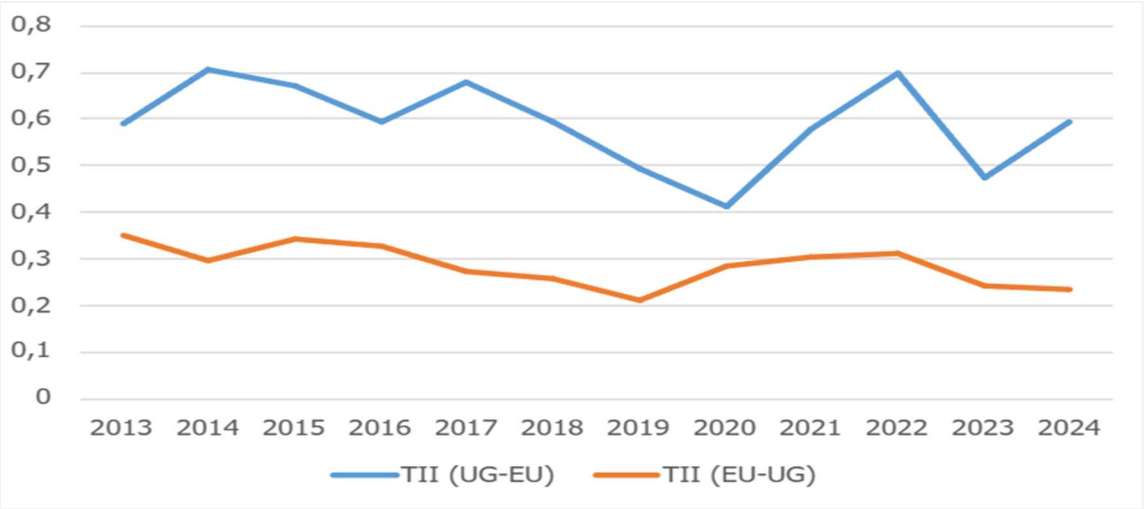
HS code	Product label	Uganda's imports from the European Union (EU-27)											
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	in animal feeding												
'3302	Mixtures of odoriferous substances and mixtures	18.97	17.58	19.72	19.47	25.01	30.72	30.31	26.89	40.50	54.08	68.66	76.92
'3002	Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses	25.9	34.54	28.01	36.58	24.87	22.23	22.31	23.19	60.16	119.62	117.22	31.13
'8411	Turbojets, turbopropellers and other gas turbines	0	0	0	0	0	0.003	3.70	0.04	0.001	0.34	0.32	27.45
'3004	Medicaments	100.04	61.95	79.41	34.20	27.44	15.60	14.79	31.12	27.24	23.77	33.31	23.58
'3822	Diagnostic or laboratory reagents on a backing	6.91	6.38	11.03	17.51	16.98	17.14	15.94	23.24	32.77	22.17	26.53	20.28
'8422	Dishwashing machines	10.60	8.14	6.75	2.62	7.26	11.46	6.97	26.43	9.74	13.00	8.60	18.70
'8471	Automatic data-processing machines	11.99	26.63	11.32	9.23	9.91	14.98	16.53	14.48	11.91	13.14	13.52	17.26
'4804	Uncoated kraft paper and paperboard	7.07	6.24	6.70	6.37	8.55	13.56	13.08	10.88	16.36	24.83	18.73	16.42

Source: own processing based on ITC, 2025.

In 2024, petroleum oils were the largest category of Uganda's imports from the European Union, accounting for 25.6 % or 242.8 million USD. This amount was nearly three times higher than the value recorded in 2023. Preparations for animal feed ranked second, making up 8.6% of the imports, while mixtures of odoriferous substances came in third at 8.1%. Both categories continued to grow.

Although some capital goods, such as gas turbines, machinery, and automatic data-processing machines, are included in Uganda's import structure, they still represent only a modest share overall. This is significant because a more investment-focused import structure could help enhance the value addition that Uganda aims to achieve in its export base.

Fig. 2 Trade intensity Uganda - EU, EU - Uganda (2013–2024)



Source: own calculation based on ITC, 2025

The Trade Intensity Index (TII) between Uganda and the EU has fluctuated significantly over the years, showing higher values in 2014 and 2022, with notable declines in 2020 and 2023. Throughout the entire period, Uganda's average TII in relation to the EU stayed below 1, indicating weaker-than-expected trade intensity given the EU's importance in global trade. The drop in 2020 aligns with the disruption caused by the COVID-19 pandemic, while the recovery observed in 2021 and 2022 reflects an increase in bilateral trade and stronger commodity exports. However, the renewed decline in 2023, despite rising export values, suggests that Uganda's exports to countries outside the EU experienced even faster growth and/or that the EU's overall imports from the global market expanded more robustly in comparative terms.

In contrast, the EU's TII concerning Uganda remained more stable, though still low, ranging from 0.21 to 0.35. This asymmetry implies that Uganda is more reliant on the EU as an export market than the EU is on Uganda as a supplier. Overall, the low TII values on both sides confirm that the bilateral trade relationship remains limited in relative terms, even though absolute trade values have increased.

Tab. 6 Bilateral Revealed Comparative Advantage (BRCA) Index of Uganda - EU (2022–2024)

HS code	Product label	BRCA 2022	BRCA 2023	BRCA 2024
'0901	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes ...	219.35	221.31	201.65
'0905	Vanilla	141.52	205.93	122.56
'5203	Cotton, carded or combed	26.59	492.73	84.36
'1207	Other oil seeds and oleaginous fruits, whether or not broken (excl. edible nuts, olives, soya...)	105.02	104.50	83.66

HS code	Product label	BRCA 2022	BRCA 2023	BRCA 2024
'1801	Cocoa beans, whole or broken, raw or roasted	39.97	58.55	43.58
'0602	Live plants incl. their roots, cuttings and slips; mushroom spawn (excl. bulbs, tubers, tuberous...)	80.26	70.14	41.90
'5201	Cotton, neither carded nor combed	155.26	38.24	26.09
'0304	Fish fillets and other fish meat, whether or not minced, fresh, chilled or frozen	50.29	36.56	25.50
'2401	Unmanufactured tobacco; tobacco refuse	12.19	16.28	19.72
'2530	Vermiculite, perlite and other mineral substances, n.e.s.	22.27	22.04	19.04

Source: own calculation based on ITC, 2025

Table 6 presents BRCA values for the years 2022 to 2024 for the ten product groups with the highest BRCA in 2024. The results highlight the most recent export profile in the EU market, while Tables 4 and 5 illustrate the longer-term evolution of commodity dependence. Coffee (HS 0901) has maintained a strong comparative advantage, although its BRCA decreased from 221.31 in 2023 to 201.65 in 2024. Vanilla (HS 0905) recorded the second-highest BRCA in 2024, even after a decline from its peak in 2023. Oilseeds (HS 1207), live plants (HS 0602), and fish meat (HS 0304) all retained comparative advantages, but their values have weakened over time. Tobacco (HS 2401) is the only product among the top ten that showed a steady increase throughout the observed period. Overall, the BRCA results confirm that Uganda's comparative advantages in the EU market remain heavily concentrated in primary agricultural products, and there is limited evidence of structural upgrading.

3.2 Trade obstacles

Uganda faces significant challenges in external trade due to dwell time and cost burdens. According to the Logistics Performance Index Report (World Bank, 2023), the average consolidated dwell time for goods is 15 days, while the average port dwell time is 9.2 days. As a landlocked country, these delays severely impact competitiveness, especially for products that have tight delivery schedules or are perishable. This situation helps explain why trade intensity remains low, even when tariff preferences are available.

Uganda's transport infrastructure continues to be a significant issue. In 2022, the country had 5,878 km of paved roads, which account for 27.8% of its total road network; however, only 69 % of these roads were in fair to good condition. The road density was 0.73 km per km², and railway infrastructure was very limited, totaling only 256 km. Under Vision 2040, Uganda aims to develop a multimodal transport system, but the existing infrastructure gap still raises trading costs and slows cross-border movement (Ministry of Finance, Planning, and Economic Development, 2022).

The International Trade Administration (2025) also highlights several obstacles to doing business in Uganda, including bureaucracy, high transport costs, and counterfeit products. Import procedures for certain food items are cumbersome, finished goods face relatively high tariffs, and licensing requirements apply to various product categories. These challenges, combined with weak trade facilitation, can indirectly limit export competitiveness, as companies facing high costs for imported inputs are less likely to venture into higher value-added production.

The implementation of the EU Deforestation Regulation (EUDR) adds another layer of difficulty. The regulation's application has been postponed until the end of 2026 for larger companies and until June 30, 2027, for small and micro firms (European Council, 2025). This extension

provides Uganda with additional time to develop traceability systems for coffee exports. However, the challenge remains significant, as coffee is primarily produced by smallholders and often sold through intermediaries. In 2023, only around 10% of the coffee harvest was traceable (Taylor, 2024). Nason (2025) highlights the existence of a gap between regulatory requirements and local readiness in Uganda. Compliance with the EUDR requires systems that remain underdeveloped in many rural areas, including digital traceability, formalized land documentation, and sustainable production practices. Ugandan government and international partners will need to support more inclusive investments in the capacities required to achieve compliance with the regulation. The low level of preparedness may be explained primarily by limited awareness, inadequate capacity, and weak institutional support. Consequently, compliance costs may be particularly burdensome for this key export product.

The DTIS Update 2021 (Ministry of Trade, Industry, and Cooperatives, 2022) identifies several binding constraints that align with the quantitative findings of this paper: inadequate border infrastructure, limited use of preferential market access, inability to meet quality standards, insufficient institutional support, high certification costs, weak ICT integration in trade, inadequate transport and energy infrastructure, limited sanitary and phytosanitary capacity, and a deficient traceability system. Together, these factors help explain why export growth has not yet resulted in increased trade intensity or broader export diversification.

3.3 Discussion

The results indicate that Uganda's trade with the EU expanded in absolute terms, resulting in a positive trade balance for Uganda in 2023 and 2024. However, the intensity of this trade remained weak, and the commodity structure continued to be heavily concentrated on agricultural primary products. This suggests that while trade values have increased, Uganda’s relative position in the EU market has not strengthened comparably.

These findings align with the conclusions of Ecel et al. (2025), who assert that Uganda does not fully take advantage of preferential market access. Our analysis confirms this observation and extends it in two significant ways. First, by updating the data to 2024, we show that the increase in exports since 2020 has not changed the overall pattern of weak trade intensity. Second, we reveal that the recent surge in exports was primarily driven by the growth of existing primary commodities, particularly coffee, rather than by a structural upgrade in production.

Additionally, our paper supports the argument made by Mwebaze and Buyinza (2022) and Erem et al. (2023) that Uganda requires increased domestic value addition and export-supportive policies. Despite having a high preferential utilization rate (PUR) under the Everything But Arms (EBA) initiative, this has not translated into a significant share of preferential trade or diversification of products. This indicates that while preferential access is necessary, it is not sufficient to enhance export performance.

The qualitative evidence regarding trade obstacles complements our quantitative analysis. High transportation costs, inadequate infrastructure, burdensome certification processes, and weak traceability systems diminish the ability of Ugandan firms to fully utilize EU market access. This aligns with the low Trade Intensity Index (TII) values and the persistent concentration in unprocessed goods. These obstacles are likely to become more significant under the European Deforestation Regulation (EUDR), especially since coffee constitutes approximately 73 % of Uganda's exports to the EU and cocoa is the second most exported commodity to the European market Both commodities are among the products regulated under the EUDR.

Uganda's Fourth National Development Plan for 2025–2030, which is part of Vision 2040, emphasizes sustainable industrialization, value addition, and the development of a knowledge-based economy (NPA, 2024). If implemented effectively, these priorities could aid in

diversifying Uganda's export base. However, without improvements in logistics, compliance with standards, and traceability, even a strategy focused on promoting exports may yield limited benefits for Uganda's trade position in the EU market.

CONCLUSIONS

The paper examined the evolution of trade relations between Uganda and the EU from 2013 to 2024 by looking at trade intensity, bilateral comparative advantage, commodity structure, and trade obstacles. The results indicate that bilateral trade values have increased, and Uganda has maintained a positive trade balance with the EU in the last two years under review. However, trade intensity remains below its potential, and Uganda's export structure is still heavily reliant on unprocessed or minimally processed agricultural goods. Notably, coffee constitutes a significant portion of Uganda's exports to the EU, highlighting both the country's comparative advantage and its vulnerability.

The findings suggest that while preferential access under the Everything But Arms (EBA) scheme is important, it is not enough to ensure substantial structural upgrading of exports. To strengthen its position in the EU market, Uganda needs to focus on greater value addition, improved logistics, enhanced certification and traceability capabilities, and more effective trade facilitation.

This study is limited by its primarily descriptive quantitative approach, the contextual use of barrier indicators that are not available for the entire period, and the lack of firm-level data. Therefore, further research should investigate the opportunities and risks of Uganda's coffee exports under the implementation of the EU Deforestation Regulation (EUDR) and should include firm-level analysis.

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